Manitoba Lotteries Corporation

Mission

Manitoba Lotteries' Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

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SECOND QUARTER REPORT
(UNAUDITED)

FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2011
(UNAUDITED)

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the six months ended September 30, 2011 was $171.9 million, an increase of $3.5 million from the same period last year. This change is due to increases of $9.3 million in the Casinos and $0.8 million in Video Lotto, offset by a decrease of $6.6 million in Lottery.

Revenue and other income, net of cost of sales, decreased $2.4 million from the same period last year while operating expenses decreased $3.5 million. Amortization, interest and GST expenses decreased $3.4 million and allocations and payments increased $1.0 million.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, unaudited)
Six Months Ended September 30th

	2011				2010
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue and other income	$166,672	$123,075	$104,617	$394,364	$404,806
Cost of sales	17,116	7,289	70,817	95,222	103,283
	149,556	**115,786**	**33,800**	**299,142**	**301,523**
Expenses					
Operating	10,618	49,338	3,837	63,793	67,344
Amortization	2,141	9,889	-	12,030	13,551
Interest expense – long-term	766	2,694	85	3,545	4,773
Goods and services tax	1,003	491	61	1,555	2,203
	14,528	**62,412**	**3,983**	**80,923**	**87,871**
Income before Allocations and Payments	**135,028**	**53,374**	**29,817**	**218,219**	**213,652**
Allocations and Payments	**40,112**	**3,006**	**3,214**	**46,332**	**45,286**
Net Income and Comprehensive Income	**$94,916**	**$50,368**	**$26,603**	**$171,887**	**$168,366**

Notes to the Financial Statements

1. These interim financial statements are not prepared in accordance with International Financial Reporting Standards (IFRS).
2. These financial statements should be read in conjunction with Manitoba Lotteries' 2010-11 Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED BALANCE SHEET
(in thousands, unaudited)
September 30th

	2011	2010
ASSETS		
Current Assets		
Cash	$ 24,784	$ 28,462
Accounts receivable	12,482	10,610
Inventories	2,644	2,579
Prepaid expenses	4,757	4,332
	44,667	45,983
Property and Equipment, and Other Assets	172,496	166,670
	$ 217,163	$ 212,653
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 34,704	$ 29,428
Payable to the Province of Manitoba	18,887	13,516
Current portion of long term debt	13,334	17,219
	66,925	60,163
Long Term Debt	144,411	146,589
Provision for Employee Pension Benefits	827	901
Retained Earnings	5,000	5,000
	$217,163	$212,653